

**ANALYSIS OF SB 313
AMENDMENT TO THE HOUSING LAW OF MICHIGAN
PUBLIC ACT 167 OF 1917**

The following analysis was completed by the Holland Charter Township Community Development Department. The goal of this analysis is to determine the potential impacts of the proposed changes to the Housing Law of Michigan which are contained in Senate Bill 313.

Background

Public Act 167 of 1917 (the Act) is commonly referred to as the "Housing Law of Michigan". The Act contains regulations and standards for health and safety of multiple dwellings¹. On April 11, 2013, the Senate introduced Bill 313 which included proposed amendments to the Housing Law of Michigan. The proposed amendments were referred to the Local Government and Elections Committee for review. Many of these proposed changes will directly impact the Township's Rental Housing Inspection Program and our ability to ensure that rental properties are being maintained in a condition that promotes the health, safety, and welfare of the occupants.

Analysis

The following is a summary of some of the proposed amendments that are anticipated to have an impact on Township processes and programs. Each of the proposed changes below are classified as to whether they are anticipated to have a minimal, moderate, or major impact.

1. Applicability – Moderate Impact

The Act, as proposed, would apply to all Townships with a population of 10,000 or more. The Act previously only applied to cities or villages with a population of 10,000 or more. The Township's Property & Housing Maintenance Ordinance will need to be reviewed to ensure consistency with the requirements of the Act.

2. Rental Property Registration – Minimal Impact (now)

The Act, as proposed, would require that all rental properties be registered, and a registration fee of up to \$100 may be charged. The Township does not currently charge a fee for registration. This decision was made in order to provide an incentive for rental property owners to register their properties. However, it may be necessary for the Township to begin charging this fee to make up for the revenue that will be drastically impacted by the proposed cap on inspection fees (see item #6 below) and to create the funds necessary to accomplish the additional mandates that are proposed.

3. Inspection Timeframes – Major Impact

The Act, as proposed, states that the period between inspections of multiple dwellings and rooming houses may not be less than six years or longer than 10 years. This would significantly impact our current program, as all rental dwellings are inspected every three or six years. In addition, mandating a six to 10-year period between inspections would compromise our ability to ensure that the units are being maintained in a manner that is conducive to protect the health, safety, and welfare of the occupants. In our experience, it has been observed that many properties require more frequent inspections due to: the age of the structure, lack of regular maintenance being performed, and 3) the severity or type/kind of violations that are observed.

4. Michigan State Housing Development Authority (MSHDA) Inspections – Minimal Impact

MSHDA presently conducts inspections on rental units if it is a designated tax-credit property or if the occupant receives rental assistance. The Act, as proposed, permits a local unit of government to accept the inspection report from MSHDA in lieu of conducting their own inspection. While this seems like a reasonable measure to ensure that there is not a duplication of the efforts among the

¹ The Act does not apply to single or two-family dwellings unless the local unit of government adopts the Act by resolution. The Act only applies to "multiple dwellings".

agencies, it does provide some challenges. First, the items/areas that are inspected by MSHDA do not necessarily encompass all of the items/areas that are inspected by the Township. This would create a situation where rental units in the Township are certified under different standards which directly contradicts with our mission to apply the standards consistently across the Township. Second, the timeframe that MSHDA inspects a particular unit may not be the same or close to the timeframe that the Township would be required to inspect a unit to certify it. Furthermore, if a particular apartment complex has a mix of MSHDA-units and non-MSHDA units, it could become very complicated to administer the inspections and certify the units appropriately.

5. Right of Entry for Inspections – Major Impact

The Act, as proposed, currently states that the inspector may only enter a rental unit after:

- a) Informing the tenant of their right to refuse an inspection
 - b) Requesting and obtaining the tenant's permission for the inspection
- It would be nearly impossible to secure permission from each tenant prior to the inspection. This would involve additional correspondence to be mailed and follow-up to ensure that they tenant has provided permission. Additionally, it would be difficult to gain permission at the time of inspection, as tenants are often times not home or present for the inspections. It is important for tenants to understand their rights and responsibilities, however, this change will impact the Township's ability to perform inspections in a timely and cost-effective manner. We believe that this change will also significantly impact the Courts and Sheriff Department.

6. Inspection Fees – Major Impact

The Act, as proposed states that the cost of providing the inspection should be the lessor of the following: 1) the actual cost of providing the inspection, or 2) a fee of not more than \$40 for each dwelling. It is estimated that as of today, the cost to perform an inspection and certify an individual dwelling is approximately \$75. It should also be noted that if it will become necessary to gain the tenant's permission for entry and inform them of the right to refuse, this will drastically increase the cost to perform the inspection and will also have a significant impact on the amount of time and resources that are necessary to conduct the inspections.

Recommendation

It is our recommendation that the proposed changes to the Act be modified as follows:

- The modification of the timeframe for inspections should be reconsidered. A period of six to 10-years between inspections will compromise our ability to ensure that the dwelling unit is being maintained in a manner that is conducive to promoting the health, safety, and welfare of the occupants. Dwelling units should be inspected at a minimum of once every three to six years.
- The requirement that tenants be notified of their right to refuse inspection and the requirement that tenants provide permission for entry should be eliminated. It would be nearly impossible to complete this task and it would also add to the time and resources necessary to conduct inspections and certify rental units.
- The cap on inspection fees should also be eliminated. This will place an unreasonable constraint on the Township to administer the Rental Housing Program in a cost-effective manner. Additionally, new proposed requirements (such as obtaining tenant permission) will significantly add to the cost to operate the program. The fee structures should be determined by the local unit of government and these costs should be no more than the actual cost to administer the program (similar to building permit fees).